

State of North Carolina CDBG-DR

Due Diligence & Inactive Process

Purpose

The State of North Carolina's Community Development Block Grant- Disaster Recovery (CDBG-DR) Housing Recovery Program (HRP) objective is to assist as many North Carolina eligible residents as possible to recovery from the October 2016 disaster. HRP includes the CDBG-DR housing programs as identified in the State's Action Plan Substantial Amendment.

During the application process, an applicant and/or various agencies, entities or businesses may be non-responsive to the North Carolina Division of Emergency Management (EM), sub-grantee or Unit of General Local Government (UGLG), sub-recipient attempts to gather additional information and documentation. Due to the nature of disaster recovery, the sub-grantee or sub-recipient does not want to hold up an applicant because a third-party verification has not been received or returned. Similarly, funding for housing assistance is limited and if an applicant becomes non-responsive, other applications in progress may be delayed.

The sub-grantee or sub-recipient will undertake the following Due Diligence Process to contact an applicant and/or various agencies, entities or businesses to complete an application and determine final eligibility for the CDBG-DR HRP.

In the case of a <u>non-responsive</u> applicant, the sub-grantee or sub-recipient will make efforts to obtain needed documentation to complete an award. If after following the Due Diligence Process there is no response from the applicant, the applicant will be determined ineligible for the CDBG-DR HRP to which they applied. The applicant may appeal an ineligible determination by the sub-grantee or sub-recipient by following the Appeal Procedure that will be included with the ineligible letter to the applicant.

In the case of <u>third-party verifications</u>, the sub-grantee or sub-recipient will follow the Due Diligence Process to make every effort to obtain required documentation. If after following this process, the documentation is not received from a third party, the sub-grantee or sub-recipient will use other documentation or records provided by the applicant and/or otherwise verified by the sub-grantee or sub-recipient to complete the processing of the award.

Applicant Process

The applicant will begin the HRP process by completing an application and returning it with the required supporting documentation to the sub-grantee or sub-recipient. The applications for the three HAP programs include space for the applicant to list the contact information of two people who do not live in the applicant's household that may be contacted if the applicant cannot be reached.

- The application will be reviewed, and any deficiencies identified, including information not completed on the application and/or missing required documentation will be requested in writing by letter, email, and/or fax. The applicant must provide missing information or documentation within <u>15 days</u> of the date of the letter.
- If there is no response to the incomplete application letter after 15 days, the sub-grantee or sub-recipient will contact the alternate contact(s) listed on the application, if contact information was provided. Contact will

be via mail or phone, depending on the information provided. The sub-grantee or sub-recipient will not reveal any private information to the alternate contact(s) but will inform the alternate contact(s) that their name was provided as an alternate contact for the applicant. The sub-grantee or sub-recipient will explain that it is attempting to reach the applicant regarding assistance related to the flood. The alternate contact will be asked to notify the applicant to inform them to contact the sub-grantee or sub-recipient regarding their housing assistance application. Additionally, the sub-grantee or sub-recipient will mail a second incomplete application letter to the applicant requesting the required information or documents. The applicant will have 15 days from the date of the second letter to provide the missing information or documents.

- If the required information is still not received after the second letter allowing 15 days, the sub-grantee or sub-recipient will mail a third and final due diligence letter by certified mail to the address listed on the application giving 10 days to return the required documents.
- If the applicant does not respond within <u>10 days</u> of the date of the third certified letter, the sub-grantee or sub-recipient will complete an Application Closeout Form and the applicant will be determined ineligible for the program(s) to which they applied.
- The sub-grantee or sub-recipient will mail to the applicant at the mailing address listed on the application via certified mail an ineligible letter that will include the appeal procedure.

DOB Third Party Verification Process

The Division of Emergency Management (sub-grantee) or the Unit of General Local Government (sub-recipient) will request the disclosure of all financial assistance provided to applicants from the following agencies, entities, and/or businesses regarding duplication of benefits:

- o Small Business Administration (SBA)
- o Federal Emergency Management Agency (FEMA)
- Other federal, state, non-profit agencies and organizations as identified by the applicant, subgrantee or sub-recipient
- Financial assistance requested to be disclosed includes, but is not limited to, assistance for rent, replacement housing, home repairs, food and gas, clothing, and/or the purchase of other personal property.
- All applicants will sign Consent to Release Information form, permitting the above organizations to release financial information to the sub-grantee or sub-recipient.
- A request for information will be mailed to the appropriate organizations with a copy of the release signed by the applicant. Organizations will be requested to respond in writing regarding all financial assistance they have provided to applicants in response to the October 2016 disaster. Organizations will be requested to respond within 15 days of the date of the letter. If an organization does not respond within the 15-day period, a second notice/reminder with be sent requesting all financial assistance provided to the applicant.
- If the two 15-day response periods expire and no information has been received from an organization, the sub-grantee or sub-recipient will document that the organization is non-responsive and will proceed with determining an applicant's eligibility for the HRP using financial assistance documented by the applicant or otherwise verified by the sub-grantee or sub-recipient.

Inactive Status Process:

After receiving an initial eligibility letter, applicants must complete the remaining HRP eligibility requirements by providing additional documents related to the damaged property or other items upon request by the subgrantee or sub-recipient.

- The sub-grantee or sub-recipient will request missing information or documentation in writing by letter, email, and/or fax. The applicant must provide missing information or documentation within <u>15 days</u> of the date of the letter.
- If there is no response to the request for documentation or other required information after 15 days, the sub-grantee or sub-recipient will contact the alternate contact(s) listed on the application, if contact information was provided. Contact will be via mail, phone, or email, depending on the information provided. The sub-grantee or sub-recipient will not reveal any private information to the alternate contact(s) but will inform the alternate contact(s) that their name was provided as an alternate contact for the applicant. The sub-grantee or sub-recipient will explain that it is attempting to reach the applicant regarding assistance related to the flood. The alternate contact will be asked to notify the applicant to contact the sub-grantee or sub-recipient regarding their housing assistance application. Additionally, the sub-grantee or sub-recipient will mail a letter to the applicant requesting the missing information or documents. The applicant will have 15 days from the date of the second letter to provide the missing information or documents.
- If there is no response at the end of the second 15-day period, the sub-grantee or sub-recipient will issue a third letter notifying the applicant via certified mail that their application for HRP has been put on an inactive status.
- An Application Closeout Form will be sent via certified mail and will be included with the Appeal Procedure. No housing assistance funds will be set-aside for the applicant.

Housing Recovery Programs:

Following the letter identifying the type of housing assistance that the household is eligible for and upon receipt of all the require documents, the applicant has 60 days in which to select or find a replacement home, a lot if applicable, agree to the approved repairs or buyout/acquisition. The sub-grantee or sub-recipient will continue to communicate with the applicant to document the progress being made regarding their housing search or choice.

- If at the end of 60 days a home has not been located, the owner has not agreed to the approved repairs, or buyout, the sub-grantee or sub-recipient will send a letter notifying the applicant that action is required from them or the approved project will be placed in an inactive status. The applicant will be given an additional 30 days to locate replacement housing or agree to the approved repairs.
- If there is no response at the end of the second 30-day period, the sub-grantee or sub-recipient will issue a third letter notifying the applicant via certified mail that their application for HRP has been placed on inactive status.
- An Application Closeout Form will be sent via certified mail and will include the Appeal Procedure. No housing assistance funds will be set-aside for the applicant.

North Carolina CDBG-DR Due Diligence and Inactive Status Process

Revision History:

Version	Date	Page	Description



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